

Message Text

LIMITED OFFICIAL USE

PAGE 01 KATHMA 02384 130727Z

12

ACTION TRSE-00

INFO OCT-01 NEA-14 ISO-00 CIAE-00 PM-07 H-03 INR-10 L-03

NSAE-00 NSC-07 PA-04 RSC-01 PRS-01 SP-03 SS-20

USIA-15 AID-20 COME-00 EB-11 FRB-02 XMB-07 OPIC-12

CIEP-02 LAB-06 SIL-01 OMB-01 IO-14 EA-11 CEA-02 STR-08

DRC-01 /187 W

----- 007675

R 130505Z JUN 74

FM AMEMBASSY KATHMANDU

TO AMEMBASSY MANILA

INFO SECSTATE WASHDC 8595

LIMITED OFFICIAL USE KATHMANDU 2384

MANILA FOR USADB

E.O. 11652: N/A

TAGS: EAID, EFIN, NP

SUBJECT: TECHNICAL ASSISTANCE -- JUTE DEVELOPMENT LOAN FOR NEPAL

1. FOR LAST TWO YEARS, WORK BEING CARRIED OUT UNDER ADB'S JUTE DEVELOPMENT LOAN FOR NEPAL HAS BEEN ASSISTED BY THREE FOREIGN EXPERTS PROVIDED UNDER TECHNICAL ASSISTANCE LOAN OF \$105,000 PER YEAR FROM ADB. TECHNICAL ASSISTANCE CONTRACT HAS BEEN HELD BY AGRI BUSINESS CONSULTANTS, AN AMERICAN FIRM. EXPERTS HAVE WORKED IN AREAS OF MARKETING, SEED AND JUTE PRODUCTION, AND MILL ENGINEERING. GON OFFICIALS CONCERNED WITH JUTE INDUSTRY RECOGNIZE THAT SERVICES OF CONSULTANTS WILL BE NEEDED FOR AT LEAST ONE MORE YEAR, BUT MINISTRY OF FINANCE DOES NOT WISH TO ASSUME ANOTHER ADB LOAN TO COVER COSTS OF CONSULTANTS. ADB HAS APPARENTLY NOT INDICATED ANY WILLINGNESS TO ASSUME COST AND FINANCE CONSULTANTS ON NON-REIMBURSABLE TECHNICAL ASSISTANCE BASIS. AS RESULT, CONTRACT WITH AGRI BUSINESS WILL EXPIRE IN JULY, AND TWO OF THREE

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 KATHMA 02384 130727Z

CONSULTANTS HAVE ALREADY DEPARTED NEPAL. GON MAY BE CONSIDERING

MAKING REQUEST FOR ASSISTANCE TO UNDP WHICH WE UNDERSTAND IS INCLINED TO LOOK FAVORABLY ON REQUESTS FOR TECHNICAL ASSISTANCE CONNECTED WITH IBRD AND ADB PROJECTS. WHILE THERE IS THEREFORE POSSIBILITY OF OBTAINING UNDP ASSISTANCE, GON WOULD FIRST HAVE TO OBTAIN INTERNAL CLEARANCES TO MAKE FORMAL REQUEST TO UNDP, WHICH WOULD THEN HAVE TO CONSIDER REQUEST OFFICIALLY. IN MEANTIME, THERE WOULD NOT BE ANY TECHNICAL ASSISTANCE AVAILABLE DURING IMPORTANT TRANSITION PERIOD FOR NEPAL'S JUTE INDUSTRY.

2. IN MANY WAYS IT WOULD BE UNFORTUNATE IF TECHNICAL ASSISTANCE FOR JUTE INDUSTRY WAS NOT AVAILABLE TO NEPAL. JUTE IS NEPAL'S PRINCIPAL CONVERTIBLE CURRENCY EXPORT. INDUSTRY IN PRESENT STATE IS INEFFICIENT, THERE ARE NO QUALITY CONTROLS, AND THERE IS LITTLE KNOWLEDGE OF MARKETING REQUIREMENTS. JUTE OFFERS ONE OF FEW POTENTIALS IN NEPAL FOR INDUSTRIAL DEVELOPMENT AND HARD CURRENCY EXPORTS. IN PROVIDING JUTE DEVELOPMENT LOAN FOR \$4 MILLION, ADB RECOGNIZED IMPORTANCE OF JUTE INDUSTRY AND ITS NEED FOR MODERNIZATION. IF WORK OVER NEXT YEAR NOT ASSISTED BY PRESENCE OF CONSULTANTS, PROGRESS WILL BE SLOWED CONSIDERABLY AND MUCH OF WHAT HAS BEEN ACCOMPLISHED DURING LAST TWO YEARS MIGHT BE LOST DUE INABILITY OF NEPALESE TO CARRY ON BY THEMSELVES AT THIS CRUCIAL STAGE.

3. ADB REVIEW MISSION TO NEPAL IN DECEMBER, 1973 INDICATED ITS GRAVE CONCERN AT LACK OF A DEVELOPED, ORDERLY MARKET FOR PURCHASE AND SALE OF RAW JUTE, BOTH IN DOMESTIC AND EXPORT MARKETS. REVIEW MISSION SUGGESTED THAT GON CONSIDER TRANSFERRING RESPONSIBILITY FOR JUTE TRADE FROM NATIONAL TRADING COMPANY TO NEPAL JUTE DEVELOPMENT BOARD. GON IS IN PROCESS OF FOLLOWING REVIEW MISSION'S SUGGESTIONS AND INTENDS EXPAND INSTITUTIONAL CAPABILITIES OF JUTE BOARD TO ENABLE IT TO ASSUME MARKETING RESPONSIBILITIES. PROBLEM LIES IN FACT THAT THERE ARE NO NEPALESE WITH ADEQUATE EXPERIENCE IN INTRICACIES OF INTERNATIONAL JUTE MARKETING. FOR LAST TWO YEARS, GON HAS RELIED HEAVILY ON ADVICE OF ADB MARKETING CONSULTANT, WHO WAS BROUGHT FROM BIRATNAGAR TO KATHMANDU TO PROVIDE GUIDANCE FOR NATIONAL TRADING. WITHOUT CONTINUING SERVICES OF MARKETING CONSULTANT AND TRAINING THAT HE CAN PROVIDE, NEPAL WILL BE AT GREAT DISADVANTAGE IN ATTEMPTING PLACE ITS JUTE IN INTERNATIONAL MARKETS.

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 KATHMA 02384 130727Z

4. SERVICES OF AGRONOMY ADVISOR AND MILL ENGINEERING CONSULTANT ARE ALSO NEEDED. AGRONOMY ADVISOR HAS BEEN INVOLVED IN ESTABLISHMENT OF SEED PRODUCTION AND COMPREHENSIVE JUTE RESEARCH PROGRAMS. RESEARCH FINDINGS OBTAINED TO DATE COVER ONLY ONE SEASON AND SHOULD BE CONFIRMED BY RESULTS FROM SUBSEQUENT SEASONS BEFORE RELIABLE CONCLUSIONS CAN BE DRAWN. ALSO DELAY IN ARRIVAL OF EQUIPMENT AND CONSTRUCTION OF RESEARCH LABORATORY PREVENTED ADEQUATE TRAINING OF NEPALESE

COUNTERPARTS. WITHOUT SERVICES OF CONSULTANT, RESEARCH EFFORTS CONDUCTED TO DATE WILL PROBABLY BE WASTED AND OTHER ACTIVITIES WILL SUFFER SETBACK.

5. PREVIOUS MILL ENGINEER WAS INVOLVED IN PREPARATION OF MILL MODERNIZATION PROGRAM AND IN PREPARATION AND EVALUATION OF TENDERS FOR NEW MACHINERY. INSTALLATION OF MACHINERY, PURCHASED WITH PROCEEDS OF ADB LOAN FOR \$3.7 MILLION, WILL PROBABLY NOT BE COMPLETED BEFORE JANUARY, 1975. UNDER THESE CIRCUMSTANCES, IT WOULD BE HIGHLY DESIRABLE IF MILL ENGINEER WERE AVAILABLE TO SUPERVISE INSTALLATION OF MACHINERY AND ADJUSTMENTS WHICH WILL BE NECESSARY DURING INITIAL MONTHS OF OPERATION.

6. IN VIEW OF IMPORTANCE OF JUTE INDUSTRY TO NEPAL, AND DESIRABILITY OF ENSURING ADEQUATE FOLLOW-UP AND PROTECTION OF ADB'S \$4 MILLION JUTE PROJECT, EMBASSY SUGGESTS THAT USADB DISCUSS WITH APPROPRIATE ADB OFFICIALS POSSIBILITY OF PROVIDING CONSULTANTS, AT LEAST TEMPORARILY PENDING POSSIBLE UNDP ACTION ON NON-REIMBURSABLE TECHNICAL ASSISTANCE BASIS. WHILE GON JUTE OFFICIALS BELIEVE THAT MILL ENGINEER AND MARKETING MAN ARE BOTH ESSENTIAL, MINISTRY OF FINANCE HAS GIVEN PRIORITY TO MILL ENGINEER. WE WOULD THEREFORE URGE THAT AS MINIMUM ADB CONSIDER PROVIDING SERVICES OF MILL ENGINEER, UNTIL ALTERNATE ARRANGEMENTS CAN BE WORKED OUT.

QUAINTON

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: JUTE, TECHNICAL ASSISTANCE, DEVELOPMENT LOANS
Control Number: n/a
Copy: SINGLE
Draft Date: 13 JUN 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: izenbei0
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974KATHMA02384
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D740152-0959
From: KATHMANDU
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19740649/aaaabptx.tel
Line Count: 139
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION TRSE
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: izenbei0
Review Comment: n/a
Review Content Flags:
Review Date: 08 AUG 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <08-Aug-2002 by worrelsw>; APPROVED <19 FEB 2003 by izenbei0>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: TECHNICAL ASSISTANCE -- JUTE DEVELOPMENT LOAN FOR NEPAL
TAGS: EAID, EFIN, NP, ADB-1
To: TRSY MANILA
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005